



Time Watch Investments Limited

時計寶投資有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2033





WHO WE ARE

We are the leading manufacturer, brand-owner and retailer of domestic watches in the People's Republic of China (the "PRC").

Established in 1988, the Group's core proprietary brand, Tian Wang (天王), has been developed into a well-known and one of the top national watch brands in the PRC, positioning for the mass market. Another proprietary brand of the Group, Balco, which was initially registered in Switzerland in 1986 by an independent third party and was acquired by the Group in 2002, offers Swiss-made watches targeting younger middle-income consumers in the PRC.

We operate through more than 3,000 directly managed and controlled point of sales as well as e-commerce sales channels, with a strong sales network and long brand heritage and reputation in the PRC.

MISSION

We continue to improve our efficiency in production and store operation through strategically expanding sales network and devote greater effort on e-commerce, enhancing the Group's overall competitiveness.

We will continue to focus on achieving good financial performance to deliver stable returns and long term value to our shareholders.

We deliver quality experience to our customers through provision of excellence pre-sale and after-sale service.

We hire talents that participate in the success of the Company and will invest in the development of all our employees.

VISION

We strive to provide stylish and high-quality watches with reasonable price to customers, strengthen our leading position in the market, deliver sustainable shareholder value to our shareholders and help our employees to grow and share the success of the Company.





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About the Report

This is the first separate Environmental, Social and Governance (“ESG”) Report issued by Time Watch Investment Limited (“TWI” or “the Company”, together with its subsidiaries referred to as the “Group”) (Stock code: 2033). It has been prepared in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”).

REPORTING SCOPE

This report discloses the ESG management approach of the Company and its subsidiaries in Hong Kong for the period 1 July 2016 to 30 June 2017.



FEEDBACK

The Group shall in the future continue to improve on the content and delivery of information disclosed in this report. We welcome your feedback. Your suggestions, where appropriate, would be incorporated in the upcoming reporting cycles. Please direct your feedback and comments to:

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Message from CEO

Dear Stakeholders,

On behalf of the Company, I am delighted to present to you our Group's first ESG Report. As a leading manufacturer, brand-owner and retailer of domestic watch brands in the PRC, the Group has been providing quality products and service to the community. We are aware of the new challenges we face in recent years regarding environmental and social aspects, and are committed to continuing our efforts on the issues of product responsibility, occupational health and safety, community development and environmental protection. We have shouldered our share of social responsibility and are committed to maintaining the trust and expectations of our stakeholders and contributing to the watch industry.

Product safety and quality are the keys to the Group's business development. We impose strict requirements on the quality of our brands' watches. Quality assurance system is implemented according to the ISO 9001:2008 standard to ensure product compliance with the relevant laws and regulations on safety, quality, labelling, etc. In order to meet the expectations of our customers, we are committed to providing comprehensive sales and after-sale services. We also communicate and interact with customers through various means including social media, enhancing the quality of our products and services on a continual basis.

In addition, the Group has been maintaining sound relationship with suppliers. Through different communication channels, we ensure our products are complied with relevant laws and regulations in terms of environmental protection, safety and quality. We cooperate with our business partners with good ethics, maintaining professional operational conduct.

We cherish and respect every employee. Ensuring their occupational health and safety is an important component of maintaining the Group's sustainable development. We properly manage the environment of our factories and offices, conducting environmental inspection for our factories, minimizing health and safety risk from the production and operation processes. We also proactively provide welfare and training for our employees, supporting their development and nurturing talents for the Group and the industry.

Our Group has always been contributing to the society by using our brand power. During the year, the Group has initiated and participated in various social investment and charitable projects in the name of "Tian Wang" watches, enable active corporate involvement in protecting the natural environment and helping the disadvantaged, such as participating in "Support Alashan SEE; Stop desertification" charitable event, aiming to improve the domestic ecosystem and enhance the public awareness of desertification.

We believe that sustainable development can create more values, and are beneficial to the Group's business, environment, stakeholders including employees, suppliers, customers, shareholders, and investors. The Group will continue to work closely with all stakeholders to enhance communication and pursue better performance in the environmental and social aspects, striving for the development and well-being of the Group, the society and our next generation.

By Order of the Board
Mr. Tung Koon Ming
Chairman

Hong Kong, 5 January, 2018

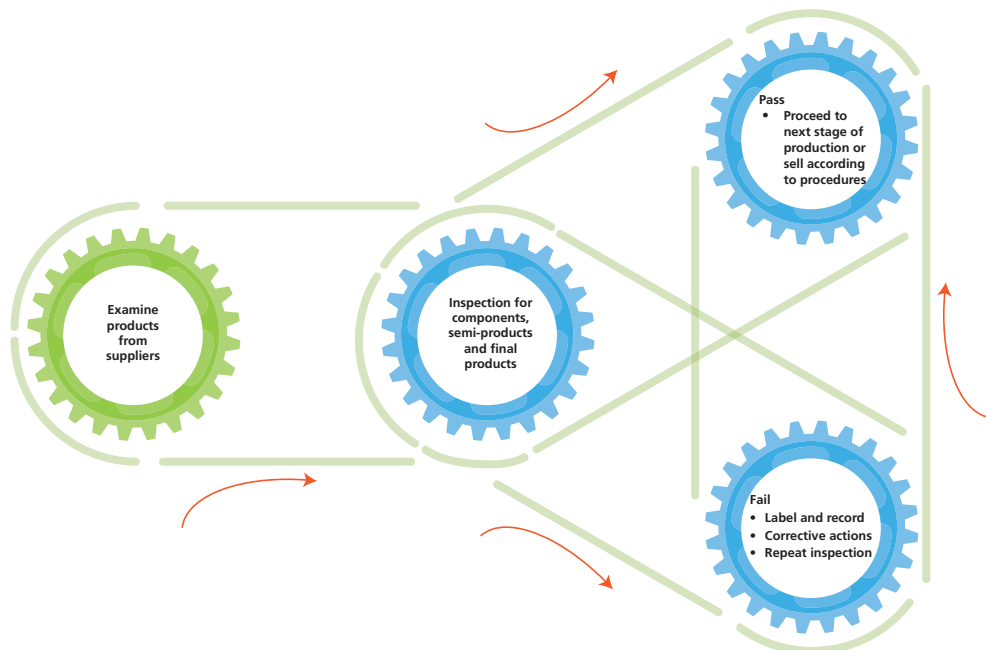
Operational Excellence

PRODUCT RESPONSIBILITY

It is our mission to provide high quality products and service to our customers. We have strict compliance on the quality service, product sales and labeling, and customer service and privacy as to ensure customer satisfaction and protect our Group's reputation. During the year, the Company did not violate any relevant product safety, advertising, labeling, and privacy laws and regulations.

In terms of product quality assurance, the Group has developed the quality manual in accordance with ISO 9001: 2008 Quality Management System. We strictly follow the quality control procedures from product design, production to delivery. Products from the suppliers are checked by the head of the quality department, including but not limited to whether the product came in original packaging, any damage in the packaging, and whether the product meets requirements of the purchase order. Besides, random check is performed on whether the product is matched with the specifications and under normal operation, etc. Components, semi-products and final products must be subject to inspection before proceeding to the next product stage or being sold, otherwise, corrective actions will be taken. The entire procedure is monitored by dedicated personnel who label and record the status of the product.

Figure 1 : Quality Inspection Procedure



Our products are mostly sold through department store counters. We are committed to maintaining high quality customer service, including providing accurate product information and comprehensive after-sales service. Our company name and product information are printed on the catalogs for customers' reference. Product leaflet which includes product specifications, features, and conditions of use are given to customers. We also build a platform on Weibo to provide maintenance follow-up services and online enquiry. The Company collects customer feedback through Weibo platform and the national customer service hotline. We receive and follow up customers' complaints diligently. The management team will directly follow up complaints and/or the complaints against individual employees in order to fulfilling our customers' needs.

Operational Excellence

The Group implements strict confidentiality policies regarding customers' information. We prohibit all employees in disclosing customer information to third party such as other customers or suppliers. This include information of products sold and amount of sales. If violation is found, disciplinary actions will be taken according to internal codes and procedures.

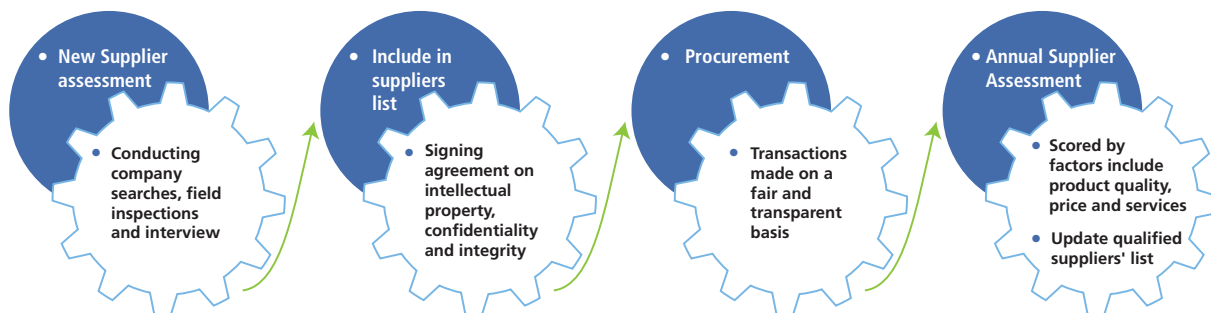
In addition, the Group has maintained close communication with the suppliers in watch movements trading business, and implemented relevant product liability measures. We require watch movements suppliers provide certificate of origin for the products and product agent certificate, as to ensure suppliers provide qualified products. All products must comply with relevant regulations in product description, trademark, or labelling of the Hong Kong Trade Descriptions Ordinance.

SUPPLY CHAIN MANAGEMENT

Our business involves the assembly of watch products. To ensure quality, supply chain management is an essential component of our Group's operation. Supplier selection and procurement process are carried out according to the Group's management procedures. We verify the legitimacy of each supplier by conducting company searches and requesting a copy of the business registration certificate. Through field inspections by our employees and meeting with the person-in-charge of the supplier, we assessed whether the supplier's production environment complies with safety standards and suitable for the production of related products. The approved supplier will be included in the supplier's list after confirmation by the management.

In order to protect intellectual property rights, the interest of the Group and customers, all new suppliers must sign an agreement on intellectual property, confidentiality and integrity, committing to comply with the Group's requirements. That includes non-infringement of the Group's trademarks and patents, prohibition of disclosing any trade secrets, and making transactions on a fair and transparent basis. If a breach of agreement is found, the Group will call related parties to account. In addition, supplier assessments take place annually, in which suppliers are evaluated by factors including product quality, price and service. Unqualified suppliers will be removed from the suppliers' list.

Figure 2 : Supplier Management



Operational Excellence

ANTI-CORRUPTION

We believe that good business ethics and integrity are the cornerstones of the Group's sustainable development. The Group complies with Hong Kong Prevention of Bribery Ordinance, Anti-bribery and Anti-Corruption Policy China Addendum, maintaining our business operation with integrity and professional conduct. We do not tolerate our employees to misappropriate company funds, obtain, provide, or receive improper benefits from customers, suppliers and other third parties.

In addition to employee discipline laid out in the employee's handbook, the Company has internal codes and regulations listed the limits of the amount of interest that can be received by our employees, as well as reporting mechanisms for involving in conflict of interest and engaging in part-time work. The Group has also installed a whistleblowing document collection box to encourage our employees to report any misconduct. All reporting content are kept confidential. If employees are found to have corrupt behavior, the Company will take disciplinary action. Serious cases will be reported to law enforcement agencies. As of 30 June, 2017, the Group has not received any reports and cases of corruption.



Our People

EMPLOYMENT AND LABOR PRACTICE

The Group believes that our employees are the most valuable assets of the Company. We recruit talents based on meritocracy, and are committed to protecting the rights of our employees. We build a pleasant working environment to motivate our employees excel at work. As of 30 June 2017, the Group has approximately 5,200 full time employees. The Group complies with Employment Ordinance in Hong Kong, Labor Law of the PRC, Labor Contract Law of the PRC and other employee laws and regulations, providing a fair working environment and other benefits to our employees. In accordance with the relevant employment regulations, we ensure that employees' remuneration, holidays, sickness allowance, maternity leave or paternity leave, severance payment and long service payment are guaranteed, with the right to terminate the employment contract. Mainland employees are legally entitled to medical care, work injury insurance, pension and other housing benefits and housing provident fund benefits. The Group has not violated any labor laws and regulations during the year and has not recovered any reports and events on the recruitment of child labor and forced labor.

The Company recognizes and encourages outstanding employees through our reward system. We also provide documents including employee handbook and labor contracts to our employees in order to ensure they are aware of their rights, rules to be observed and welfare they entitled to. The Group strives to eliminate any form of discrimination and ensure equal working opportunities of our employees of different ages, gender, family positions, sexual orientation, and race.

The Group also established a complaint mechanism for employees to express his/her views and suggestions to the Company. We are committed to keeping the contents of the complaints confidential and follow up with investigation. The suggestions will be considered to be accepted after detailed assessment.

HEALTH AND SAFETY

A safe and healthy working environment is of paramount importance to us, the Group aims at achieving zero incident and providing a safe and healthy working environment. During the year, there was no severe safety incidents.

The Group complies with the Occupational Safety and Health Ordinance in Hong Kong to implement effective safety and health measures, including the use, handling, storage or transferring of operating device in working locations as to ensure the employees without safety threats, and provide safety access to and from working locations. Other implemented safety measures include fire protection measures, such as posting fire escaping route, installing illuminated "exit" sign at the exit, maintaining the clearance of the escape route and placing fire protection equipment. We also keep cleanliness of the working environment, with appropriate lighting, ventilation, washrooms, sanitation facilities and drinking water. Adequate first aid supplies are provided in the workplace. Our Human Resource department checks and supplements relevant supplies on a regular basis.

In the aspects of plant management, the Group acknowledges the risk of occupational diseases that may occur during the production process. Therefore, we commissioned an independent testing agency to inspect on occupational hazards of Tian Wang Electronics (Shenzhen) Company Limited. Xylene, other hazardous chemicals and noise levels are tested according to the relevant laws and regulations, national standards and procedures. All items passed the tests. The Group also develops occupational health management system in accordance with the Law of the PRC on the Prevention and Treatment of Occupational Diseases to identify, declare and manage the potential risks of occupational diseases, providing employees with protective equipment such as dust masks and gloves, guidelines for working procedure, and relevant education and training, so as to enhance the awareness of occupational safety and sanitation, and thus protect the health and safety of our employees.

Our People

TRAINING AND DEVELOPMENT

The Group attaches importance to employee development, and is committed to enhancing their competitiveness and personal growth. We invest resources in providing training, encouraging continuous learning to master professional knowledge and skills. The Group provides internal and relevant on-the-job training and exchange. We regularly hold courses at the Hong Kong and Shenzhen offices, which are taught by our senior employees or coaches from professional consultancies. They conduct discussions and analyze cases studies, including maintenance of watches, technological improvement and employee welfare etc. We also allow employees from different departments to participate in different types of training, such as development strategies, safety production, quality categories and intellectual property rights, striving to nurture talents for the Group's future development.



Community Care

The Group is committed to working with all sectors to build our community and shoulder corporate social responsibility. In addition to operating our business diligently, we participate in charitable activities under the name of the Group, contributing our part in protecting the natural environment and helping the underprivileged.

During the reporting period ended 30 June 2017, the Group made donations of approximately RMB60,000 and RMB500,000 to Alashan SEE Foundation and Shenzhen Charity Federation respectively, supporting the prevention of desertification in China and charitable initiatives in sponsoring students in poverty.

In addition, the Group totally donated approximately HKD5,300,000 to the Hong Kong Watch & Clock Council, the Hong Kong Watch Manufacturers Association and The Federation of Hong Kong Watch Trades & Industries, aim to provide help on promoting and seek out new opportunity to watch industry.

We are delighted to make every effort in dedicating ourselves to charity for the society.



Protecting the Environment

ENVIRONMENTAL MANAGEMENT

The Group implements environmental programs, assigns a task force to promote the environmental awareness in the office and provides environmental information to employees regularly. According to the management guidelines of green office, we continuously assess and implement relevant environmental protection measures. The Group understands the importance of reducing waste at source and recycling, thus maximizes the use of existing resources in our daily operation and promotes waste reduction and classification. While developing our business, we save energy and operating cost at the same time to eventually preserve resources and protect the environment.

The Group complies with Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and Water Pollution Prevention and Control Law of the PRC. During the year, the Group did not receive any reports of significant law violations in the environmental aspect.

The Group's main energy use is the electricity consumption for the office and the plants. The major production process at the plant is watch assembly, which has limited emissions. We rigorously manage effluents, air emission and noise according to local requirements and report to the respective government departments on the environmental impacts of our plant. The Group commissioned an independent inspection agency to carry out environmental testing for the plants in Shenzhen, examining effluents, air and noise emitted from the plant. The water quality of the sewage, and the dust concentration of the workplace met the relevant national standard. We also manage the discharge of effluents, air emissions and noise, in accordance with local government requirements, reporting the environmental impact of the plant to relevant departments for approval. In addition, industrial hazardous wastes generated from the production process are handled according to the provisions of the environmental protection department. They are centralized and treated in certified industrial waste treatment station.

WATCH RECYCLING

The Group is committed to reducing unnecessary resources consumed during the production process, aiming to save costs and support environmental protection simultaneously. We set up an old watch recycling program in which returned watches are sent to the maintenance warehouse. After the inspection by the maintenance group, they are categorized according to the quality, function and appearance before putting in storage at the warehouse according to the inspection results. We dismantle the lower quality products on a quarterly basis, including components such as the watchcase, strap, dial, watch movements, etc., which to be re-used after passing the components test. The components that cannot be re-used are written off as well as broken down before sending to recycling company. We will continue to implement feasible measures in product design and production process to achieve sustainable production models.

Protecting the Environment

GREEN OFFICE

The Group understands that the protection of the environment starts with taking actions. Our task force accesses whether the management system of the office is complied with environmental principles. We set out measures to reduce the use of resources and recycle at source in daily operations. In the aspect of energy saving, we use energy-saving appliances, such as compact fluorescent lamps, T5-type light pipe or LED lights. Our office management guidelines regulate to save electricity. Labels are posted in our office and environmental protection information are provided, reminding our employees to turn off electrical appliances and lighting when not using, make good use of the energy saving option and bring their own cups, so as to develop the awareness and habits of environmental protection. The ventilation system in the office is also cleaned regularly in order to save energy and maintain air quality.

Regarding waste management, we encourage the use of technology to reduce paper, using doubled-sided photocopying, as well as reusing single-sided paper and recycled paper. The office has a recycling bin with posters to encourage waste recycling. Waste electrical and electronic products are donated to charities, or handled by recyclers. Used printer cartridges are also recycled.



HKEX ESG Content Index

Key Performance Indicators (KPIs)	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1	Emissions	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management
Aspect A2	Use of Resources	
General disclosure	Policies on efficient use of resources including energy, water and raw materials.	Environmental Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Green Office
Aspect A3	The Environment and Natural resources	
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Green Office Old Watch Recycling
B. Social		
Aspect B1	Employment and Labour Practices	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	Employment and Labour Practice
Aspect B2	Health and Safety	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Health and Safety

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Aspect B3 Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
Aspect B4 Labour Standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employment and Labour Practice
Aspect B5 Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Aspect B6 Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility
Aspect B7 Anti-Corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Aspect B8 Community Investment		
General	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community care
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community care